

Centralized Authorization File (CAF)

FAQ

Q. What is CAF?

A. CAF is the acronym for Centralized Authorization File. CAF contains information on third parties who are authorized to represent taxpayers before the IRS and/or receive and inspect confidential taxpayer information.

Q. How is CAF data received from the taxpayer?

A. Taxpayers file Form 2848, Power of Attorney (POA) and Declaration of Representative to authorize individuals to represent them before the IRS, and/or receive copies of any notices sent to the taxpayer, and receive the taxpayer's refund check. Form 8821, Tax Information Authorization authorizes individuals, corporations, firms, organizations, or partnerships to inspect and/or receive confidential taxpayer information and notices, but not refunds. Form 706, U.S. Estate Tax Return, authorizes one attorney, accountant, or enrolled agent to represent the estate on a limited basis and receive notices, but not refunds.

Q. When will CAF centralization occur?

A. Centralization of CAF processing input and update to Memphis and Ogden (International Philadelphia) occurred January 2, 2002.

Q. What was consolidated in July?

A. In July 2001, the ten Service Center databases were consolidated into one database that provides all IRS Customer Service Representatives and field personnel access to up-to-date data on authorized third parties. Practitioners must no longer submit new authorization requests for each third-party correspondence on civil penalty issues.

Q. Are there any other changes to the CAF Program?

A. Yes! This year three new services are available to taxpayers for authorizing third-party representatives. New services include Third Party Designee (formerly Checkbox Authority), Oral Disclosure Consent, and Oral Tax Information Authorization.

Q. Can you provide more information about each service?

A. Yes! Third Party Designee (formerly Checkbox Authority) service was effective January 1, 2001, for tax year 2000 and subsequent tax years, on all paper and e-file Form 1040 series returns, with the exceptions of Telefile returns and Form 1040X Income Tax Returns. For tax year 2000, the "Checkbox" authority was limited to the paid preparer shown on the specific Form 1040 return for tax year 2000. The authority applied only to an individual paid preparer and not to a company. The authorized third party or designee is authorized to receive information about a refund or payment, respond about information on or missing from the return, communicate with the IRS in response to a math error or penalty notice. Copies of taxpayer notices are not sent to the "Checkbox" designee. The checkbox designee is not authorized to communicate concerning issues such as: Appeals Proceedings, Collection Notices, Examination Inquires, and Underreporter Notices. The "Checkbox" designee cannot represent a taxpayer or practice before the IRS unless he/she has power of attorney. The checkbox designation will post directly to the Individual Master File.

Effective January 2002, for tax year 2001 the "Checkbox" authority will be expanded to friends and family and business returns. The service will be known as "Third Party Designee", instead of "Checkbox" authority. Form 1040 series will include paid preparers as well as friends and family. Business returns will include all Form 94X, 720, 2290 and CT-1 returns. The business entity officer or authorized representative may appoint the bookkeeper or accountant who prepared the business return to discuss processing issues with the IRS.

A Third Party Designee cannot co-exist with a POA for the same form and tax period. Forms 2848 and 8821 authorizations have precedence over the Checkbox designation.

Q. Two new services became available in 2002 - Oral Disclosure Consent and Oral Tax Information Authorization.

A. Oral Disclosure Consent - Allows a taxpayer to call the IRS and establish Disclosure Authority for all types of tax accounts after receiving a notice from the IRS. To establish the oral disclosure consent, the taxpayer must have received a notice from the IRS and have open account issues. The taxpayer may call and designate a third party to resolve issues relative to the notice. It is not required that the designee has a CAF number. Once an oral disclosure consent has been established, the taxpayer does not have to be present or on the telephone for the IRS to disclose tax information relative to the notice. The oral disclosure consent does not authorize a third party to receive notices, refunds, or sign waivers. The oral disclosure consent is valid until the tax related issues are resolved. If the taxpayer receives subsequent notices from the IRS, he/she must call or visit the IRS and establish another verbal authorization, even if it is for the same party.

Oral disclosure consent can co-exist with a POA for the same form and same tax period. However, a taxpayer may not use oral disclosure consent to appoint a representative to act on his/her behalf. A POA (Form 2848) authorizing a third party to represent the taxpayer before the IRS must be secured in writing.

Oral Tax Information Authorization (TIA) – Temporary Regulations 301-6103© authorizes the IRS to accept verbal requests or consents authorizing disclosure of return information to third parties assisting taxpayers in resolving Federal tax related matters. Taxpayer can call IRS to establish Disclosure Authority for all types of tax accounts. It is not necessary that the taxpayer receive an IRS notice before establishing an Oral TIA. A taxpayer may designate a third party who has a CAF Number, to represent him by phone or in person, and receive notices and transcripts, but not refunds, on open account issues. The taxpayer does not have to be present or on the telephone when the IRS discloses tax information to the third-party designee based on the taxpayer's oral disclosure consent. The taxpayer's representative must have an established CAF Number, and the taxpayer must know the representative's CAF Number. The third-party designee can immediately call to discuss issues; it's not necessary for the taxpayer to have received a notice from the IRS prior to establishing an Oral TIA.

Q. These procedures, especially oral third-party authorization, are quite different from what I am used to regarding disclosure. Have disclosure regulations changed?

A. Yes. The Taxpayer Bill of Rights 2 was enacted on July 30, 1996. One provision of this law eliminated the requirement that requests for disclosure to a third-party designee be in writing. New regulations for IRC 6103© authorizes IRS employees to accept a taxpayer's verbal request or consent to disclose return information to parties assisting the taxpayer in resolving a federal tax related matter. For more information on disclosure, please visit the disclosure web site at <http://www.hq.irs.gov/disclosure>.

Q. These new services for designating a third party are great! How does a taxpayer determine which service to use?

A. An understanding of the basic differences among the three options will assist taxpayers in deciding which option to use. The Third Party Designee option is used when the return is filed. The Oral Consent Authority option is used when a notice is received that is not associated with the initial processing of the return. It's best to use the Oral TIA option when account information is needed and the third-party designee has a CAF number.

Q. Am I authorized to suggest these new services to the taxpayer?

A. All IRS employees are encouraged to provide quality service to each and every customer. These service options for authorizing third parties to receive information and assist taxpayers in resolving federal tax related matters will help meet the needs of our customers.

Q. A taxpayer submits Form 4506, Request for a Copy or Transcript of Tax Form, and one of the boxes on Line 8 (a-d) is checked. Is Form 8821 needed to release the requested information to a third party?

A. In some instances, the taxpayer does not need to submit Form 8821 or 2848 along with Form 4506. To authorize the IRS to release tax return information, such as a tax return transcript or photocopy, W-2 information or verification of non-filing, to a third party taxpayers only need to complete Line 5, Form 4506. The taxpayer must, however, sign Form 4506.

If the taxpayer wants tax account information sent to a third party, Form 8821 or an Oral TIA is required. Tax account information includes original return information and any changes made to the account by the IRS or per the taxpayer's request. Please refer to the instructions for Form 4506 for more details.